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Seoul Semiconductor Co., Ltd. and
11 Seoul Semiconductor, Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

16 Nichia Corporation

No. 3:06-CV-0162 (MMC)

17 Plaintiff.

SEOUL SEMICONDUCTOR
DEFENDANTS' MOTION *IN LIMINE*
NO. 8: MOTION *IN LIMINE* TO
EXCLUDE TESTIMONY OF JOHN C.
JAROSZ REGARDING DAMAGES

18 Seoul Semiconductor Co., Ltd. and Seoul
19 Semiconductor, Inc.

Defendants

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REDACTED - MOTION FILED UNDER SEAL

MOTION

Defendants Seoul Semiconductor Co., Ltd. and Seoul Semiconductor, Inc. (“Seoul”) respectfully move this Court *in limine* for an order excluding the testimony of John. C. Jarosz regarding damages. This motion is based on the Memorandum of Points and Authorities filed herewith; the accompanying Declaration of Amy Melaugh; and the pleadings, records and papers on file in this case.

MEMORANDUM OF POINTS AND AUTHORITIES

Nichia intends to offer an opinion from its expert John C. Jarosz regarding damages caused by Seoul’s alleged induced infringement. Mr. Jarosz’s induced damages theory and testimony fail to satisfy the requirements of Federal Rule of Evidence 702, are unreliable and speculative, and should not be presented to the jury.

Expert opinion must satisfy Rule 702’s minimum threshold for admissibility. Fed. R. Evid. 702. As a witness designated to provide testimony “based on scientific, technical, or other specialized knowledge,” Mr. Jarosz’s opinions must be “based on sufficient facts or data,” where his “testimony is the product of reliable principles and methods, and . . . applied th[ose] principles and methods reliably to the facts of the case. *Id.* Mr. Jarosz’s opinions cannot meet these requirements because he cannot point to adequate facts or data to support his conclusions.

Mr. Jarosz’s calculation of inducement damages is contrary to applicable law. Seoul is liable for induced infringement if Nichia proves: (1) that SSC knowingly induced infringement and possessed specific intent to encourage another’s infringement; (2) direct infringement in the United States by a third party was induced by SSC for each instance of inducement; (3) an affirmative act by SSC to actively induce the third party’s direct infringement; and (4) that SSC had actual knowledge of Nichia’s design patents at issue. See *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304-1306 (Fed. Cir. 2006); *Tegal Corp. v. Tokyo Electron Co., Ltd.*, 248 F.3d 1376, 1378-1379 (Fed. Cir. 2001); *Cybiotronics, Ltd. v. Golden*

1 Sources Elecs. Ltd., 130 F. Supp. 2d 1152, 1165-1166 (C.D. Cal. 2001). The failure to establish
2 any of these elements is fatal and cannot result in damages.

3 Mr. Jarosz intends to offer an induced infringement damages calculation based on
4 his estimate that [REDACTED]

5 [REDACTED]
6 [REDACTED]
7 [REDACTED] . See Expert Report of John C.
8 Jarosz May 21, 2007 at 14-15.

9 Mr. Jarosz's analysis is based on speculative assumptions, not facts. [REDACTED]

10 [REDACTED]
11 [REDACTED]
12 [REDACTED] . See Melaugh Decl. in
13 Support of Motion *in limine* No. 8, Ex. 1, Tr. 99:1-13; 140:5-141:17; 142:13-17; 142:18-143:3;
14 157:13-158:6 (Jar.). Indeed, in this case there is no evidence that any LG, Nokia, or Sony
15 Ericsson phone used a 902 or that any entered into the United States.

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED] . See *id.* at 90:1-14;
22 92:16-94:5; 109:3-111:17
23 [REDACTED]

24 [REDACTED] . See *id.* at 150:1-154:11.

25 Third, Mr. Jarosz failed to tie his assessed inducement damages to evidence of
26 each alleged act of inducement as required by law. *DSU Med. Corp.*, 471 F.3d at 1303. Mr.

1 Jarosz concedes that he made no effort to link the amount of damages to the alleged acts of
 2 inducement. *See* Melaugh Decl., Ex. 1, Tr. 162:3-10 (Jar.) [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]; *id.* at 162:1-163:5. Instead, Mr. Jarosz calculates damages based on
 6 [REDACTED]

7 [REDACTED]

8 Mr. Jarosz's damages testimony is thus speculative and makes too great an
 9 analytical jump for an expert to present to the jury. *See Gen. Elec. Co. v. Joiner*, 522 U.S. 136,
 10 146, 118 S.Ct. 512, 519 (1997) (expert testimony should be excluded if the court concludes that
 11 there is simply too great an analytical gap between the data and the opinion proffered or the
 12 expert testimony is purely speculative or conjectural); *City of Vernon v. S. Cal. Edison Co.*, 955
 13 F.2d 1361, 1371-1373 (9th Cir. 1992) (affirming summary judgment for the defendant where the
 14 plaintiff submitted a flawed damages model); *McGlinch v. Shell Chem. Co.*, 845 F.2d 802, 806-
 15 807 (9th Cir. 1988) (opinions based on assumptions unsupported by the evidence should be
 16 excluded); *see also* Fed. R. Evid. 703.

17 In light of the specific requirements for active inducement, Nichia should be
 18 required to an induced infringement damages amount tied to specific acts of active inducement
 19 and linked to the alleged direct infringer for each instance of inducement. Far from meeting the
 20 legal requirements, Mr. Jarosz's damages model is based on assumptions contrary to governing
 21 law. [REDACTED]

22 [REDACTED] *See* Melaugh Decl., Ex. 1, Tr. 71:14-22;
 23 72:19-73:18; 114:7-115:8 (Jar.). Also,

24 [REDACTED]

25 [REDACTED]

26 [REDACTED] *Id.* at 259:1-261:10. That is contrary to the law. *See MEMC*

1 *Elec. Materials, Inc., v. Mitsubishi Materials Silicon Corp.*, 2006 U.S. Dist. LEXIS 9353, at *23
2 (N.D. Cal. 2006) (“passive conduct does not satisfy the ‘actively induces’ element”); *Beverly*
3 *Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1569 (Fed. Cir. 1994) (inducement cannot
4 be premised on omission); *Warner Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1364 (Fed. Cir.
5 2003) (mere knowledge alone of possible infringement by others not sufficient); *Manville Sales*
6 *Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553, 554 (Fed. Cir. 1990) (same).

7 Accordingly, this Court should exclude Mr. Jarosz's expert opinion predicated on
8 this faulty analysis.

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10 DATED: August 14, 2007

Bingham McCutchen LLP

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By: _____ /s/ Beth H. Parker
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Seoul Semiconductor Co., Ltd. and Seoul
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